

EXHIBIT 6

Excerpts from Transcripts of Depositions of Charles Moore and Glenn Bowen

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<p>1 IN THE UNITED STATES BANKRUPTCY COURT</p> <p>2 EASTERN DISTRICT OF MICHIGAN</p> <p>3 SOUTHERN DIVISION</p> <p>4</p> <p>5 In re Chapter 9</p> <p>6 CITY OF DETROIT, MICHIGAN, Case No. 13-53846</p> <p>7 Debtor. Hon. Steven W. Rhodes</p> <p>8 _____/</p> <p>9</p> <p>10 DEPONENT: CHARLES M. MOORE</p> <p>11 DATE: Wednesday, September 18, 2013</p> <p>12 TIME: 10:02 a.m.</p> <p>13 LOCATION: MILLER CANFIELD PADDOCK & STONE PLC</p> <p>14 150 West Jefferson, Suite 2500</p> <p>15 Detroit, Michigan</p> <p>16 REPORTER: Jeanette M. Fallon, CRR/RMR/CSR-3267</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 APPEARANCES (continued):</p> <p>2</p> <p>3 COHEN WEISS AND SIMON LLP</p> <p>4 By: Thomas N. Ciantra</p> <p>5 330 West 42nd Street</p> <p>6 New York, NY 10036.6979</p> <p>7 212.356.0216</p> <p>8 Appearing on behalf of UAW</p> <p>9</p> <p>10 LOWENSTEIN SANDLER LLP</p> <p>11 By: Sharon L. Levine</p> <p>12 65 Livingston Avenue</p> <p>13 Roseland, NJ 07068</p> <p>14 973.597.2374</p> <p>15 -and-</p> <p>16 Michael L. Artz (appearing telephonically)</p> <p>17 Appearing on behalf of AFSCME</p> <p>18</p> <p>19 CLARK HILL PLC</p> <p>20 By: Andrew Mast</p> <p>21 Ed Hammond (appearing telephonically)</p> <p>22 500 Woodward Avenue, Suite 3500</p> <p>23 Detroit, MI 48226</p> <p>24 313.965.8384</p> <p>25 Appearing on behalf of Retirement Systems</p>
Page 2	Page 4
<p>1 APPEARANCES:</p> <p>2</p> <p>3 JONES DAY</p> <p>4 By: Evan Miller</p> <p>5 51 Louisiana Avenue, NW</p> <p>6 Washington, D.C. 20001.2113</p> <p>7 202.879.3939</p> <p>8 -and-</p> <p>9 MILLER CANFIELD PADDOCK AND STONE PLC</p> <p>10 By: Jonathan S. Green</p> <p>11 150 West Jefferson, Suite 2500</p> <p>12 Detroit, MI 48226.4415</p> <p>13 313.496.7997</p> <p>14 Appearing on behalf of the Debtor</p> <p>15</p> <p>16 DENTONS US LLP</p> <p>17 By: Arthur H. Ruegger</p> <p>18 1221 Avenue of the Americas</p> <p>19 New York, NY 10020.1089</p> <p>20 212.768.6881</p> <p>21 Appearing on behalf of Retirees Committee</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 APPEARANCES (continued):</p> <p>2</p> <p>3 WILLIAMS WILLIAMS RATTNER & PLUNKETT PC</p> <p>4 By: Ernest J. Essad, Jr.</p> <p>5 380 N Old Woodward Ave Ste 300</p> <p>6 Birmingham, MI 48009</p> <p>7 248.642.0333</p> <p>8 Appearing on behalf of FGIC</p> <p>9</p> <p>10 WINSTON & STRAWN LLP</p> <p>11 By: Bianca M. Forde (appearing telephonically)</p> <p>12 200 Park Avenue</p> <p>13 New York, NY 10166.4193</p> <p>14 212.294.4733</p> <p>15 Appearing on behalf of Assured Guaranty Municipal</p> <p>16 Corp.</p> <p>17</p> <p>18 STROBL & SHARP</p> <p>19 By: Meredith Cox (appearing telephonically)</p> <p>20 300 East Long Lake Road, Suite 200</p> <p>21 Bloomfield Hills, MI 48304</p> <p>22 248.540.2300</p> <p>23 Appearing on behalf of Retired Detroit Police Members</p> <p>24 Association</p> <p>25</p>

<p style="text-align: right;">Page 21</p> <p>1 A. Yes, sir.</p> <p>2 Q. And just so I'm clear, I apologize, it was the</p> <p>3 employment retirement system of the Government</p> <p>4 Development Bank that you did this work for?</p> <p>5 A. The Government Development Bank was the engaging</p> <p>6 entity. The pension system for which our work related</p> <p>7 was the employee retirement system.</p> <p>8 Q. For what entity or group?</p> <p>9 A. For the Commonwealth of Puerto Rico.</p> <p>10 Q. Thank you.</p> <p>11 A. It was a public pension plan. Mr. Ruegger, I'll just</p> <p>12 clarify as well that my firm did work -- other work</p> <p>13 related to the Commonwealth of Puerto Rico for a</p> <p>14 different client prior to the assignment where we</p> <p>15 worked for the government.</p> <p>16 Q. All right. Can you identify what that other client</p> <p>17 was?</p> <p>18 A. Yes. We were engaged by both AFSCME and UAW.</p> <p>19 Q. And what were you engaged to do for those unions?</p> <p>20 A. Assist in analysis related to a plan that the governor</p> <p>21 had prepared and analysis of the upcoming budget.</p> <p>22 Q. Do you remember approximately when that work was done?</p> <p>23 A. I believe that may have been in 2009.</p> <p>24 Q. And how long did you work in the engagement for those</p> <p>25 two unions?</p>	<p style="text-align: right;">Page 23</p> <p>1 A. Yes, sir.</p> <p>2 Q. Anything other than seminars and conferences and what</p> <p>3 you've mentioned already?</p> <p>4 A. Over the course of my career I've also spent time with</p> <p>5 a few other certifications related to operational</p> <p>6 items; as an example, I don't believe it's called this</p> <p>7 anymore, but formerly the American Production</p> <p>8 Inventory Control Society, APICS, A-P-I-C-S. And I</p> <p>9 have been certified in certain operational information</p> <p>10 system applications used by businesses.</p> <p>11 Q. Can you identify any of the operational information</p> <p>12 system applications that you just mentioned?</p> <p>13 A. Yes, I have multiple certifications from QAD is the</p> <p>14 name of the company related to its software enterprise</p> <p>15 resource planning application known as MFG Pro.</p> <p>16 Q. Any others you can recall right now?</p> <p>17 A. No, I think that's it.</p> <p>18 Q. We're going to come back to the declaration in a</p> <p>19 second, but have you ever testified under oath before,</p> <p>20 Mr. Moore?</p> <p>21 A. Yes, sir.</p> <p>22 Q. Approximately how many times?</p> <p>23 A. If you count testifying in the same matter multiple</p> <p>24 times as each individual instance, it would be perhaps</p> <p>25 15 -- 10 to 15 I think would be a fair number.</p>
<p style="text-align: right;">Page 22</p> <p>1 A. Approximately two months, if I recall correctly.</p> <p>2 Q. It's set out in your declaration that -- and I believe</p> <p>3 it's paragraph 6 --</p> <p>4 (Discussion held off the record.)</p> <p>5 Q. -- that you're a Certified Public Accountant. That's</p> <p>6 accurate; correct?</p> <p>7 A. Yes, sir.</p> <p>8 Q. And you are also a certified turnaround professional?</p> <p>9 A. Yes, sir.</p> <p>10 Q. Do you have any other formal certificates?</p> <p>11 A. I am also, as is listed here, certified in financial</p> <p>12 forensics.</p> <p>13 Q. Any others that you recall?</p> <p>14 A. No, sir.</p> <p>15 Q. Other than -- any other formal training that you've</p> <p>16 had or certifications?</p> <p>17 A. Can you define formal training?</p> <p>18 Q. Sure. We'll try to break it down. How about any</p> <p>19 other classroom training or work at an educational</p> <p>20 institution?</p> <p>21 A. Through the course of my certifications as well as</p> <p>22 professional organizations to which I belong I</p> <p>23 regularly attend educational sessions every year.</p> <p>24 Q. So seminars, conferences, those kind of things you</p> <p>25 attend on a regular basis?</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. And of the 10 to 15 how many were in court?</p> <p>2 A. I've testified in court perhaps five to eight times.</p> <p>3 Q. Any instances where you testified in an arbitration</p> <p>4 proceeding?</p> <p>5 A. Not that I can recall.</p> <p>6 Q. And approximately how many of those instances were</p> <p>7 deposition testimony?</p> <p>8 A. I have been deposed approximately five times.</p> <p>9 Q. Other than the court and the deposition instances,</p> <p>10 have you testified under oath in any other context?</p> <p>11 A. Not that I can recall.</p> <p>12 Q. I'm going to ask you to identify for us the cases that</p> <p>13 you've testified -- in which you've testified, so</p> <p>14 let's start with the instances in court. When was the</p> <p>15 first time you testified in court?</p> <p>16 A. The matter would have been DCT, Inc., and I believe I</p> <p>17 testified in 2002.</p> <p>18 Q. Were you a fact or an expert witness?</p> <p>19 A. I was a fact witness.</p> <p>20 Q. And what issues did you testify to?</p> <p>21 A. This goes back 11 years so I'm stretching my memory</p> <p>22 here.</p> <p>23 Q. Just do the best you can, sir.</p> <p>24 A. But this was an involuntary bankruptcy filing where</p> <p>25 Conway MacKenzie was engaged on behalf of the debtor</p>


<p style="text-align: right;">Page 61</p> <p>1 A. The rate of payouts is another area where the</p> <p>2 actuaries make assumptions as to what benefits will be</p> <p>3 paid in what periods and to the extent that those are</p> <p>4 underestimated, that can impact the funded position as</p> <p>5 well. Tying into previous assumptions that I had</p> <p>6 indicated.</p> <p>7 Q. So is it -- is it your position that the City views</p> <p>8 the actuarial payout assumptions as understating</p> <p>9 unfunded liabilities?</p> <p>10 MR. MILLER: Object to form. Go ahead.</p> <p>11 A. As an example, Mr. Ruegger, the actuarial valuation</p> <p>12 assumes certain payouts. The actual payouts in the</p> <p>13 most recent completed year of plan assets were</p> <p>14 substantially higher than what was anticipated prior</p> <p>15 to that valuation being done and so at a minimum that</p> <p>16 would indicate that there were more assets that were</p> <p>17 paid out than what was assumed by the actuary.</p> <p>18 Q. Other than the assumptions and methods you've</p> <p>19 identified, are there any other assumptions and</p> <p>20 methods that to your understanding the City views as</p> <p>21 understating the systems' unfunded liabilities?</p> <p>22 A. The City and most importantly its actuary has not</p> <p>23 completed its analysis on the unfunded position. The</p> <p>24 City is trying to undertake a process to actually</p> <p>25 develop a more concrete valuation model on its own so</p>	<p style="text-align: right;">Page 63</p> <p>1 letters and reports and we'll take those up with the</p> <p>2 Milliman folks, but I'm trying now to focus on the 7.0</p> <p>3 figure. That was a figure selected by the City for</p> <p>4 illustrative purposes; correct?</p> <p>5 MR. MILLER: Object to form.</p> <p>6 A. Yes.</p> <p>7 Q. And that was not the specific figure or a specific</p> <p>8 figure recommended by Milliman or any other actuary;</p> <p>9 correct?</p> <p>10 A. I can't speak to any other actuary, but going back to</p> <p>11 the previous question, yes, 7 percent was used for</p> <p>12 illustrative purposes.</p> <p>13 Q. The -- and the Milliman analysis that's been</p> <p>14 undertaken so far, to your understanding, that hasn't</p> <p>15 been the product of work on the actual data for the</p> <p>16 systems; has it?</p> <p>17 MR. MILLER: Object to form.</p> <p>18 MR. RUEGGER: Okay, that was a poor</p> <p>19 question, I'll try again. Actually withdrawn.</p> <p>20 Q. Related to the projected net return, in paragraph 15</p> <p>21 of your declaration, I believe it's 15, you have a --</p> <p>22 we'll get to it.</p> <p>23 Let's talk now about the concept of</p> <p>24 smoothing that you reference in paragraph 12. In your</p> <p>25 understanding smoothing is a common calculation used</p>
<p style="text-align: right;">Page 62</p> <p>1 it's been relying on the valuation model of the</p> <p>2 pension systems' actuary. As such we have focused on</p> <p>3 a few items here, but until the City completes its</p> <p>4 analysis and completes its own actuarial valuation,</p> <p>5 neither the City nor its actuary nor I would be able</p> <p>6 to say what all the assumptions are that could be used</p> <p>7 to either overstate or understate the funded position.</p> <p>8 Q. Very well.</p> <p>9 Let's turn to one of the assumptions that</p> <p>10 you address in your declaration and specifically in</p> <p>11 paragraph 11 you talk about the projected net rate of</p> <p>12 return. The 7.0 percent or 7.25 percent figure, do</p> <p>13 you see that in paragraph 11?</p> <p>14 A. Yes, sir.</p> <p>15 Q. Those were not figures that were recommended by a</p> <p>16 particular actuary; were they?</p> <p>17 A. The 7 percent is actually higher than the rate that</p> <p>18 Milliman, the City's actuary, had originally put</p> <p>19 forward, which in its view would result -- the rate at</p> <p>20 which there was a fifty-fifty chance of achieving that</p> <p>21 rate.</p> <p>22 MR. RUEGGER: All right. I'm going to move</p> <p>23 to strike, because with all respect that was not</p> <p>24 responsive to my question, Mr. Moore.</p> <p>25 Q. I understand Milliman has prepared a variety of</p>	<p style="text-align: right;">Page 64</p> <p>1 by actuaries related to pension projections; correct?</p> <p>2 A. I would clarify your question from the standpoint of</p> <p>3 typically pension boards will decide on the policies</p> <p>4 and then actuaries will perform calculations based on</p> <p>5 the policies that a board will decide to use.</p> <p>6 Q. But smoothing is a common practice for actuaries; is</p> <p>7 it not?</p> <p>8 MR. MILLER: Object to form.</p> <p>9 A. Based on my experience, yes, there is a number of</p> <p>10 plans that I've looked at that involve a smoothing.</p> <p>11 Q. And would you agree that smoothing is a method to</p> <p>12 manage the effect of investment volatility on</p> <p>13 contributions and to provide a more consistent measure</p> <p>14 of plan funding over time?</p> <p>15 MR. MILLER: Object to form.</p> <p>16 A. Generally speaking, yes. What's important to note is</p> <p>17 that smoothing is a concept, and I agree with the</p> <p>18 purpose of that concept. The number of years over</p> <p>19 which a pension system may smooth can differ</p> <p>20 significantly.</p> <p>21 Q. Based on the -- well, withdrawn.</p> <p>22 To your knowledge is smoothing generally</p> <p>23 consistent with the actuarial standards of practice?</p> <p>24 MR. MILLER: Object to form.</p> <p>25 A. Well, I can tell you, Mr. Ruegger, later this year new</p>

<p style="text-align: right;">Page 65</p> <p>1 GASB standards go into effect, GASB 67 and 68, that</p> <p>2 actually for financial reporting purposes will not</p> <p>3 allow smoothing.</p> <p>4 Q. Okay, so then go back to my question, which related to</p> <p>5 actuary standards or practice. Is not smoothing</p> <p>6 consistent and endorsed by actuarial standards of</p> <p>7 practice?</p> <p>8 MR. MILLER: Object to form.</p> <p>9 A. As we established earlier, I'm not an actuary so I</p> <p>10 can't comment on that. I am a CPA so I can comment on</p> <p>11 financial reporting standards.</p> <p>12 Q. Do you -- there's some reference here.</p> <p>13 You'll see in paragraph 14, the first</p> <p>14 sentence references the City's estimated underfunding</p> <p>15 of approximately \$3.5 billion. Do you see that</p> <p>16 reference?</p> <p>17 A. Yes, sir.</p> <p>18 Q. Do you know whether that calculation was based on the</p> <p>19 assumption the systems would continue or that they</p> <p>20 would be frozen?</p> <p>21 MR. MILLER: Object to form.</p> <p>22 A. My understanding is that this is based on the</p> <p>23 assumption that the plans would continue.</p> <p>24 Q. And if the plans were to continue, would, in your</p> <p>25 view, it be more appropriate to use actuarial values</p>	<p style="text-align: right;">Page 67</p> <p>1 MR. MILLER: Object to form.</p> <p>2 A. Based on the discussions that would have taken place</p> <p>3 with Mr. Orr, yes, he is in agreement with these</p> <p>4 statements.</p> <p>5 Q. In paragraph 15 of your declaration you address the</p> <p>6 systems' use of 29- and 30-year amortization periods</p> <p>7 for funding the underfunding. Do you see that</p> <p>8 discussion, sir?</p> <p>9 A. Yes, sir.</p> <p>10 MR. MILLER: Let me object to form in</p> <p>11 connection with the prior question.</p> <p>12 MR. RUEGGER: That's fine.</p> <p>13 Q. Do you have any understanding whether amortization</p> <p>14 periods of 29 and 30 years are commonly used for</p> <p>15 governmental pension plans?</p> <p>16 A. Commonly used I think is difficult to say, because</p> <p>17 there are obviously probably thousands of pension</p> <p>18 plans in the United States, so not having the data to</p> <p>19 understand how often that's used, I am aware of other</p> <p>20 plans, other governmental plans, that use 29- or</p> <p>21 30-year amortizations.</p> <p>22 Q. Do you have any understanding whether the amortization</p> <p>23 periods used for the PFRS and the GRS are matters that</p> <p>24 were voted on by the Detroit city council?</p> <p>25 A. I don't know how the board comes to decide on its</p>
<p style="text-align: right;">Page 66</p> <p>1 for assets and liabilities or market figures for</p> <p>2 assets and liabilities?</p> <p>3 MR. MILLER: Object to form.</p> <p>4 A. It depends on for what purpose the calculation is</p> <p>5 being made.</p> <p>6 Q. Okay. And can you explain that answer?</p> <p>7 A. If you are referring to for financial reporting</p> <p>8 purposes, I can comment on the basis that is included</p> <p>9 in GASB Statements 67 and 68 that are coming out. As</p> <p>10 to whether it is appropriate from an actuarial</p> <p>11 standpoint, again, because I'm not an actuary, I can't</p> <p>12 comment on that.</p> <p>13 Q. When you refer to the City in these -- starting in</p> <p>14 paragraph 11, who at the City are you referring to?</p> <p>15 MR. MILLER: Object to form.</p> <p>16 Q. Or I'll try it again.</p> <p>17 Who working within or for the City do you</p> <p>18 include when you make a reference such as in the</p> <p>19 beginning of paragraph 11 related to the City's view?</p> <p>20 MR. MILLER: Object to form.</p> <p>21 A. My primary contact at this point within the City is</p> <p>22 Mr. Kevyn Orr.</p> <p>23 Q. So when you reference the City's view or the City's</p> <p>24 position in your declaration in Moore Exhibit 1, you</p> <p>25 mean Mr. Orr?</p>	<p style="text-align: right;">Page 68</p> <p>1 policies.</p> <p>2 Q. And the board you're talking about here is the board</p> <p>3 that -- of the systems, the respective systems --</p> <p>4 withdrawn.</p> <p>5 And when you say the board, do you mean the</p> <p>6 board of the GRS, the General Retirement System, or</p> <p>7 the -- and/or the PFRS?</p> <p>8 A. Yes, sir.</p> <p>9 Q. So the policy -- withdrawn.</p> <p>10 So the amortization period in your view is</p> <p>11 approved by the board of the respective systems;</p> <p>12 correct?</p> <p>13 A. That's my understanding.</p> <p>14 Q. And if I'm understanding your testimony, you don't --</p> <p>15 you do not have an understanding of whether the city</p> <p>16 council also weighs in on that amortization period;</p> <p>17 correct?</p> <p>18 A. Correct, I do not have visibility if there are other</p> <p>19 individuals that influence the boards' decisions as to</p> <p>20 policies.</p> <p>21 MR. RUEGGER: All right. It's noon so I</p> <p>22 would like to go off the record and discuss the</p> <p>23 process for a second.</p> <p>24 (Discussion held off the record.)</p> <p>25 MR. RUEGGER: Back on the record. Off the</p>

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<p>1 UNITED STATES BANKRUPTCY COURT</p> <p>2 EASTERN DISTRICT OF MICHIGAN</p> <p>3 SOUTHERN DIVISION</p> <p>4 -----X</p> <p>5 IN RE) Chapter 9</p> <p>6 CITY OF DETROIT, MICHIGAN,) Case No. 13-53846</p> <p>7 Debtor.) Hon. Steven W. Rhodes</p> <p>8 -----X</p> <p>9</p> <p>10</p> <p>11</p> <p>12 DEPOSITION of GLENN DAVID BOWEN</p> <p>13 Washington, D.C.</p> <p>14 Tuesday, September 24, 2013</p> <p>15</p> <p>16</p> <p>17</p> <p>18 Pages: 1 - 213</p> <p>19 Reported by: Cindy L. Sebo, RMR, CRR, RPR, CSR,</p> <p>20 CCR, CLR, RSA</p> <p>21 Assignment Number: 472421</p> <p>22 File Number: 105824</p>	<p>1 APPEARANCES:</p> <p>2 JONES DAY</p> <p>3 For the Debtor:</p> <p>4 51 Louisiana Avenue, Northwest</p> <p>5 Washington, D.C. 20001-2113</p> <p>6 202.879.3939</p> <p>7 BY: EVAN MILLER, ESQUIRE</p> <p>8 emiller@jonesday.com</p> <p>9 BY: MIGUEL F. EATON, ESQUIRE</p> <p>10 meaton@jonesday.com</p> <p>11</p> <p>12 DENTONS US LLP</p> <p>13 For the Official Committee of Retirees:</p> <p>14 233 South Wacker Drive</p> <p>15 Suite 7800</p> <p>16 Chicago, Illinois 60606-6306</p> <p>17 312.876.7994</p> <p>18 BY: ROBERT B. MILLNER, ESQUIRE</p> <p>19 robert.millner@dentons.com</p> <p>20 BY: ARTHUR H. RUEGGER, ESQUIRE</p> <p>21 arthur.ruegger@dentons.com</p> <p>22</p>
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<p>1 September 24, 2013</p> <p>2 9:47 a.m.</p> <p>3</p> <p>4</p> <p>5 Deposition of GLENN DAVID BOWEN held</p> <p>6 at the law offices of:</p> <p>7</p> <p>8</p> <p>9 Jones Day</p> <p>10 51 Louisiana Avenue, Northwest</p> <p>11 Washington, D.C. 20001</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16 Pursuant to notice, before Cindy L.</p> <p>17 Sebo, Registered Merit Reporter, Certified Real-Time</p> <p>18 Reporter, Registered Professional Reporter,</p> <p>19 Certified Shorthand Reporter, Certified Court</p> <p>20 Reporter, Certified LiveNote Reporter, Real-Time</p> <p>21 Systems Administrator and a Notary Public in and for</p> <p>22 the District of Columbia.</p>	<p>1 APPEARANCES (Continued):</p> <p>2 COHEN, WEISS AND SIMON LLP</p> <p>3 For the United Auto Workers Union:</p> <p>4 330 West 42nd Street</p> <p>5 New York, New York 10036-6979</p> <p>6 212.356.0216</p> <p>7 BY: THOMAS N. CIANTRA, ESQUIRE</p> <p>8 tciantra@cwsny.com</p> <p>9</p> <p>10 LOWENSTEIN SANDLER LLP</p> <p>11 For AFSCME:</p> <p>12 65 Livingston Avenue</p> <p>13 Roseland, New Jersey 07068</p> <p>14 973.597.2538</p> <p>15 BY: JOHN K. SHERWOOD, ESQUIRE</p> <p>16 jsherwood@lowenstein.com</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>



<p style="text-align: right;">Page 145</p> <p>1 this development, that there would be no further</p> <p>2 transfers from the DB plan assets into -- into</p> <p>3 individual accounts; thus no calculation was</p> <p>4 needed.</p> <p>5 Q. On the Page 3 we see Rule-of-Thumb</p> <p>6 Adjustments.</p> <p>7 Do you see that?</p> <p>8 A. I do.</p> <p>9 Q. And on the -- the last adjustment, the</p> <p>10 pages that -- Total actuarial accrued liability</p> <p>11 decreases by 10 percent due to the plan freeze and</p> <p>12 the cancellation of all future COLAs.</p> <p>13 Do you see that?</p> <p>14 A. I do.</p> <p>15 Q. And what is the source of</p> <p>16 the 10 percent number that you used there?</p> <p>17 A. It is due to the plan freeze and the</p> <p>18 cancellation of COLAs, so we would have done two</p> <p>19 separate calculations or two separate estimates to</p> <p>20 determine the 10 percent overall estimate for those</p> <p>21 plan changes and the plan freeze.</p> <p>22 I believe we discussed this before, but</p>	<p style="text-align: right;">Page 147</p> <p>1 and then one for the COLA cancellation.</p> <p>2 Q. The rule-of-thumb adjustment not above</p> <p>3 that, but two above that says that Total benefit</p> <p>4 payments increased by 4.25 percent annually in the</p> <p>5 baseline scenario and by 2.17 percent in</p> <p>6 Scenario 2.</p> <p>7 And how did you derive those estimates?</p> <p>8 A. The total benefit payment increased.</p> <p>9 And to put this in chronology, we had discussed</p> <p>10 earlier today that Milliman had calculated benefit</p> <p>11 payments from Gabriel, Roeder projections when they</p> <p>12 were available. At this time, they weren't.</p> <p>13 The 4.25 percent was an estimate based</p> <p>14 upon historical growth and benefit payments as new</p> <p>15 members retired. The 2.17 lower estimate for</p> <p>16 Scenario 2 was adjusted downward to reflect a plan</p> <p>17 freeze which generates future lower benefit</p> <p>18 payments and the cancellation of cost-of-living</p> <p>19 increases as well.</p> <p>20 Q. When you say "adjusted downward," in</p> <p>21 this instance, is it a -- is it a -- an estimate</p> <p>22 that is based on a -- simply the judgment of the</p>
<p style="text-align: right;">Page 146</p> <p>1 it was based upon a lower expectation of future</p> <p>2 benefits, which generates a lower liability. And</p> <p>3 then the cancellation of future COLAs generates</p> <p>4 lower future benefit payments as well.</p> <p>5 So in using information we were able to</p> <p>6 draw from the valuation reports, we prepared</p> <p>7 estimates of those two topics.</p> <p>8 Q. Are these the estimates that you, in an</p> <p>9 earlier document, called "guesses"?</p> <p>10 A. I'm not sure which -- I mean, you can</p> <p>11 put that particular document back in front of me.</p> <p>12 I've used the phrase "rough guess"; I've used the</p> <p>13 phrase "estimate" --</p> <p>14 Q. Rough guess.</p> <p>15 A. Rules of thumb, I would say, by</p> <p>16 definition, are rough guesses. They're defined to</p> <p>17 give us a proxy of what we -- the result we would</p> <p>18 arrive at had we done more detailed modeling.</p> <p>19 Q. And you have a workpaper showing this</p> <p>20 calculation?</p> <p>21 A. Yes. We would have developed two</p> <p>22 calculations, one for the impact of the plan freeze</p>	<p style="text-align: right;">Page 148</p> <p>1 actuaries? Is that -- is that what this is? Or do</p> <p>2 you have specific data that you point to to take</p> <p>3 that number down from the baseline scenario?</p> <p>4 A. We -- we do not have a specific full</p> <p>5 valuation run where we've modeled the overall</p> <p>6 group, each on an individual basis, to develop</p> <p>7 these numbers.</p> <p>8 The 4.25, as I stated, was based upon</p> <p>9 trailing growth and benefit payments. The 2.17</p> <p>10 would have been adjusted based upon what</p> <p>11 information was available in the valuation report,</p> <p>12 and it reflects an adjustment for the plan freeze</p> <p>13 and for the cancellation of future COLAs, so,</p> <p>14 actually, two adjustments to get the 4.25 to the</p> <p>15 2.17.</p> <p>16 Q. Let me see. Just a few more of these</p> <p>17 letters, Mr. Bowen.</p> <p>18 - - -</p> <p>19 (Whereupon, a letter with attachment</p> <p>20 was marked, for identification</p> <p>21 purposes, as Bowen Deposition</p> <p>22 Exhibit Number 11.)</p>

<p style="text-align: right;">Page 205</p> <p>1 pension task force.</p> <p>2 Q. And you -- you had not -- no idea why</p> <p>3 the pension task force asked for this?</p> <p>4 A. The request came to us from the pension</p> <p>5 task force, and I suppose they wanted an answer to</p> <p>6 this question.</p> <p>7 Q. You said earlier that you're in the</p> <p>8 process of doing, I think you used the word,</p> <p>9 "replication"?</p> <p>10 A. That is correct.</p> <p>11 Q. And can you just tell me what -- what a</p> <p>12 replication is?</p> <p>13 A. We gather census data from, in this</p> <p>14 case, the actuary, who has taken raw system data,</p> <p>15 edited it for -- edited it for use in their</p> <p>16 valuation system. We take that data, we take our</p> <p>17 understanding of the benefit provisions that exist</p> <p>18 in the plan and apply the actuarial assumptions and</p> <p>19 methods used by the system actuary to try to see if</p> <p>20 we can develop the same results based on the same</p> <p>21 inputs.</p> <p>22 Q. So is it, like, proofreading the work</p>	<p style="text-align: right;">Page 207</p> <p>1 Q. Do you know why a replication is being</p> <p>2 done by Milliman at this time?</p> <p>3 A. We were requested to replicate by the</p> <p>4 pension task force.</p> <p>5 Q. Do you know what the projected costs of</p> <p>6 the replication is going to be?</p> <p>7 A. I don't know off the top of my head.</p> <p>8 Q. Okay.</p> <p>9 MR. SHERWOOD: Mr. Bowen, I think</p> <p>10 that's everything. And I thank you for your time</p> <p>11 today. I have no further questions.</p> <p>12 MR. MILLER: Thank you.</p> <p>13 MR. MUTH: We're done?</p> <p>14 MR. MILLER: Okay.</p> <p>15 MR. CIANTRA: Thank you.</p> <p>16 (Whereupon, at 3:38 p.m., the</p> <p>17 deposition was concluded.)</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>
<p style="text-align: right;">Page 206</p> <p>1 of the system actuary?</p> <p>2 A. I'm not sure if "proofreading" is the</p> <p>3 right word, but I think replication -- we're trying</p> <p>4 to replicate -- we're trying to do what they did</p> <p>5 with the materials they had.</p> <p>6 Q. And where does that stand? Is that</p> <p>7 almost done?</p> <p>8 A. Well, it is in progress. We have done</p> <p>9 some programming. We're doing internal checking</p> <p>10 and peer review. And as we talked about earlier</p> <p>11 today, we have outstanding questions.</p> <p>12 Q. I don't think we talked about that on</p> <p>13 the record.</p> <p>14 But --</p> <p>15 A. Okay.</p> <p>16 Q. -- do you have -- do you have an idea</p> <p>17 when the replication will be done?</p> <p>18 A. Actually, I believe we did speak about</p> <p>19 this on the record earlier, and I don't believe we</p> <p>20 have an indication when we'll be receiving answers</p> <p>21 from the system or system actuary. So it's very</p> <p>22 tough for me to give you an ETA.</p>	<p style="text-align: right;">Page 208</p> <p>1 CERTIFICATE</p> <p>2 DISTRICT OF COLUMBIA:</p> <p>3 I, Cindy L. Sebo, a Notary Public within</p> <p>4 and for the Jurisdiction aforesaid, do hereby</p> <p>5 certify that the foregoing deposition was taken</p> <p>6 before me, pursuant to notice, at the time and place</p> <p>7 indicated; that said deponent was by me duly sworn</p> <p>8 to tell the truth, the whole truth, and nothing but</p> <p>9 the truth; that the testimony of said deponent was</p> <p>10 correctly recorded in machine shorthand by me and</p> <p>11 thereafter transcribed under my supervision with</p> <p>12 computer-aided transcription; that the deposition is</p> <p>13 a true record of the testimony given by the witness;</p> <p>14 and that I am neither of counsel nor kin to any</p> <p>15 party in said action, nor interested in the outcome</p> <p>16 thereof.</p> <p>17</p> <p>18 </p> <p>19</p> <p>20</p> <p>21 Cindy L. Sebo, RMR, CRR, RPR, CSR,</p> <p>22 <small>Cindy L. Sebo Notary Public - State of Michigan My Commission Expires April 14, 2015</small> CCR, CLR, RSA, Notary Public</p>